

UNITED STATES ARMY FINANCIAL MANAGEMENT SCHOOL



U.S. ARMY SOLDIER SUPPORT INSTITUTE

Maintain Commitment & Obligation Records Handout

**FINANCIAL MANAGEMENT SCHOOL
U.S. ARMY SOLDIER SUPPORT INSTITUTE
FORT JACKSON, SC 29207-7045**

MAINTAIN THE FUND CONTROL DOCUMENT

1. OBJECTIVES:

- a. Identify the stages of an expenditure transaction.
- b. Identify the flow of funds.
- c. Identify the elements of a Fund Control Record (FCR).
- d. Properly maintain a Fund Control Record (FCR).

2. REFERENCES: DFAS-IN REG 37-1, Finance and Accounting Policy Implementation
DFAS-IN Manual 37-100-XX

3. STAGES OF EXPENDITURE TRANSACTIONS:

- a. Authority Received: Funds are provided on a document such as a Funding Allowance Document (FAD) or a Funding Target Memorandum. The type of funding document depends on the level of the allowance/allotment. For example, the Installation Level could use the Funding Allowance Document (DA Form 1323-C), whereas the Activity/Unit Level would use a Funding Target Memorandum. This authorization provides funds which allow obligations to be incurred against the government.
- b. Commitment: A commitment is an administrative reservation of funds based upon firm procurement directives, orders, requisitions, or requests. A commitment authorizes the creation of an obligation without further approval by the official responsible for certifying the availability of funds. It is during this stage that certification of funds takes place.
- c. Obligation: An obligation is a legal reservation of funds. An obligation is properly recordable only when supported by documentary evidence of the following:
 - A binding agreement, in writing, between the parties involved, for a purpose authorized by law. The agreement must be negotiated prior to the expiration of the appropriation. Also, the agreement must identify specific goods to be delivered, real property to be purchased or leased, or work/services to be performed.
 - A valid loan agreement.
 - An order required by law to be placed with a government agency.
 - Other legal liabilities.

- d. Accrued Expenditure: Accrued expenditures represent the actual or constructive receipt of supplies or services for which an obligation has been incurred. Accruals are recorded without regard to whether payment has been made or an invoice/bill received. This provides information on the total amount of supplies or services received in the accounting period, as opposed to the total amount of obligations incurred during the period.
 - e. Expense: The expense is the value of goods and services consumed in accomplishing a mission or task. In General Fund Accounting, this stage is normally recorded simultaneously with the accrued expenditure.
 - f. Disbursement: A disbursement is the payment of a legal liability of the government, which decreases the accountability of the Disbursing Officer (DO) making the disbursement. Disbursements are made for the purpose of transferring or advancing funds or liquidating valid obligations of the government.
1. **FLOW OF FUNDS**: The process by which an installation receives its funds is known as the flow of funds. The flow generally follows this course:
 - A. The flow of funds begins with the enactment of an Appropriation Act by Congress.
 - B. The Office of Management and Budget (OMB) apportions funds to departments of the U.S. government. Department of Defense (Dept. 97) funds are sent to the Department of the Army through GFEBS at a level 1 interface. Apportion mean to divide the funds
 - C. Headquarters Department of the Army (HQDA) (level 1) allocates funds to its Funds Centers, including Special Operating Agencies (SOA), General Operating Agencies (GOA), and Army Commands (ACOMs). Allocate mean to give. Earmark-legislative provision or allocate directly approved funds to be spent on special projects, programs, or organizations.
 - D. The Funds Centers or ACOM/SOA/GOA/DRU, etc (level 2) allot/allow funds to installations and activities. Allotment – portion Allowance – sum for reimbursable expense, a portion is set aside for reimbursables.
 - E. The installations (level 3) distribute funds to activities through GFEBS accompanied with a Resource Distribution Document (RDD). The Resource Distribution Document (RDD) further breaks down the Funds by Funds Center/Cost Center.
 - F. Activities (level 4) can further distribute funds to their subordinate units on a Funding Target memorandum. The funding target memorandum is sent down each quarter by Funds Center/Cost Center and Cost Element/Commitment Item.
 2. **METHODS OF FUND DISTRIBUTION**:
 - a. Formal Distribution:
 - Subject to Title 31 of the United States Code (USC) 1517, also known as the Anti-deficiency Act. (Level 1 through level 4 funding)
 - b. Informal Distribution
 - Not directly subject to Title 31 USC 1517, but could lead to a Title 31 violation. (subordinate activities and subordinate units fall under informal distribution)

3. TYPES OF FUNDING AUTHORITY:

a. Direct Obligation Authority (DOA):

- (1) Specific dollar amount is annotated on the Funding Authorization Document (FAD).
- (2) Used for mission activities and Base Operations (BASOPs).
- (3) Quarterly amount immediately available for use upon receipt of the FAD.
- (4) Controlled at installation level.

b. Funded Reimbursement Authority (FRA):

- (1) Specific dollar amount is annotated on the FAD.
- (2) Used for specific non-mission activities.
- (3) Quarterly amount not immediately available for obligation; they are held in reserve account until the revenue producing activities place orders. The installation must receive orders to obligate FRA funds.
- (4) Reimbursement is controlled at ACOM level.

c. Automatic Reimbursement Authority (ARA):

- (1) No dollar amount is shown on the FAD.
- (2) Used for specific non-mission activities.
- (3) Not immediately available for obligation upon receipt of the allotment (Obligation Authority "Generated" based on receipt of Order).
- (4) Reimbursement is controlled at the installation level.

4. LIMITATIONS:

- a. Ceilings -- the maximum cumulative dollar amount that may be obligated for a specific purpose.
- b. Floors -- the minimum cumulative dollar amount that must be obligated for a specific purpose.
- c. Targets -- a prescribed goal used as a management tool to control resources.
- d. Fences -- allow funds to be set aside for obligation only in a particular program.

5. FUND CONTROL RECORD:

- a. The certifying officer for each unit/activity will establish, maintain and reconcile a fund control record and commitment files.
- b. Keep a separate record for each target FUNDS CENTER/ COST CENTER issued to an activity (Always check the FUNDS CENTER/ COST CENTER on the document). If three separate targets are issued, the activity must maintain three Fund Control Records.
- c. Maintain a separate record for each element of resource COST ELEMENT/ COMMITMENT ITEM to provide additional control over resources.
- d. As a minimum, the Fund Control Record contains the following; transaction number, date, document number, funding target (funds received), commitment amount, uncommitted balance, detail obligation report (DOR) date/block#, obligation amount and the remarks. Tailor the format more efficiently for use. If desired, establish more detailed controls.
 - (A) TRANSACTION NUMBER: The transaction number that you are on starting with 1 and working higher. Example 1, 2, 3, 4 and so on.
 - (B) DATE: The transaction date of each entry. Such as the date of the funding target memo (date you receive the funds) or the date you certify the availability of funds.
 - (C) GFEBS Assigned Reference Number: The document number is assigned by the Resource Management Office in accordance with DFAS Policy. Place the document number from each commitment document in this section.
 - (D) FUNDING TARGET (funds received): (Current Quarterly FAD Amount) Record the dollar amount of funds issued from the funding target memo in this column. This entry increases the uncommitted balance of funds.
 - (E) COMMITMENT AMOUNT: Enter the dollar amount indicated on the commitment document. Entries in this column reduce the uncommitted balance available. You must record these to update current fund availability.

- (F) UNCOMMITTED BALANCE: This is the current balance of funds available for commitments after all known transactions and adjustments. This balance is the difference between the established targets, less recorded commitments, plus/minus all known adjustments.

Never enter a negative amount in the column. A negative number indicates the target amount is exceeded and the potential for violation of Title 31 U.S.C. Section 1517 exists.

- (G) GFEBS Daily Obligation Report DATE/BLK#: The certifying officer will annotate the date and block number of each transaction from the detailed obligation report (DOR). The block number is assigned to documents for entry into GFEBS (this is done in the Accounting Office). The date represents the date the transaction was input into the system.
 - (H) OBLIGATION AMOUNT: Research and adjust differences between the amount recorded as a commitment on the Fund Control Record and the amount recorded as an obligation on the DOR GFEBS Daily Obligation Report.
 - (I) REMARKS: Enter any additional information or explanation of the detail line items; such as explanation of adjustments, travel order number or contract number. This column is optional.
- e. When you maintain the fund control record, you must remember at all times that an over obligation of funds must never occur. Occasionally, you may have a document at your desk for processing that you do not have sufficient funds to cover:
- (1) Assure availability of fund. If you have the funds annotate the transaction on the FCR.
 - (2) If you “**Do Not**” have the funds to cover the request do not process this document.
 - (3) **NEVER ALLOW YOUR COMMITMENTS OR OBLIGATIONS TO EXCEED YOUR AVAILABLE FUNDS!**
 - (4) Return these documents to the originating activity and inform them that funds are not available at this time. It may be possible to fund this requirement at a later date, but that decision is up to the Financial Management Officer/Resource Management Officer/Comptroller. **(Make No Changes to the FCR)**



Funding Document GFEBS

12/16/2011

Dynamic List Display

1

Entry Document

Document 2012 / 100000095 - Posted FM Area ARMY
Process Transfer Total Sender 20,000,000.00 USD
Total Receiver 20,000,000.00
Value Type Budget Budget Category Payment
Version 0 Fiscal Year 2012
Document Type ALT4 Document Date 10/01/2011
Responsible JOHN SMITH

5

Posting Date 10/01/2011

Created by 1246862598

Created on 12/02/2011

Created at 09:53:47

Line	-/+	Fund	Funds Ctr	Cmnt Item	F.Ar	Funded Prg	Type	Amount (USD)	Amount (USD)	LC	DK	Text	Add.Line
000001	-	202010D12	A2ABB	ALLOBJ	ARMY	ARMY	4611	20,000,000.00	20,000,000.00	USD	0		
000002	+	202010D12	A2ABM	ALLOBJ	ARMY	ARMY	4611	20,000,000.00	20,000,000.00	USD	0		
000003	-	202010D12	A2ABB	BUDRES	ARMY	ARMY	4580	20,000,000.00	20,000,000.00	USD	0	ADD. LINE	X
000004	+	202010D12	A2ABM	BUDRES	ARMY	ARMY	4580	20,000,000.00	20,000,000.00	USD	0	ADD. LINE	X

AS OF: September 2012

EXAMPLE OF A FUNDING TARGET MEMORANDUM

AJKG-B

1 October 20**

MEMORANDUM FOR Commander, 93rd Infantry Division, ATTN: Resource Management Officer

SUBJECT: First Quarter (FY**) Funding Target

1. FUNCTIONAL AREA:	131096QLOG	131096FAHB
FUNDS CENTER/ COST CENTER:	A2ABN2ABN00	A2ACN2ACN00
DODAAC:	ZAAHA	Z16CO

2. Direct Obligation (Initial)

a. Quarter	\$590,000.00	\$260,000.00
b. Annual	\$2,400,000.00	\$985,000.00

3. Notes:

- a. Funded Reimbursement Authority (FRA) – Not Authorized
- b. Automatic Reimbursement Authority (ARA) – Authorized based on receipt of orders.

4. a. 131096QLOG (A2ABN2ABN00)

<u>COST ELEMENT/ COMMITMENT ITEM</u>	<u>QTR</u>	<u>ANNUAL</u>
6100.2100	\$90,000.00	\$ 980,000.00
6100.2300	300,000.00	1,200,000.00
6100.2500	200,000.00	20,000.00
	<u>\$590,000.00</u>	<u>\$2,400,000.00</u>

b. 131096FAHB (A2ACN2ACN00)

<u>COST ELEMENT/ COMMITMENT ITEM</u>	<u>QTR</u>	<u>ANNUAL</u>
6100.2300	\$100,000.00	\$400,000.00
6100.2500	12,000.00	445,000.00
6100.2600	35,000.00	140,000.00
	<u>\$147,000.00</u>	<u>\$985,000.00</u>

Tyrone Folsom
TYRONE FOLSOM
LTC, MSC
COMPTROLLER

EXAMPLE OF A FUNDING TARGET MEMORANDUM

EXAMPLE OF A FUNDING ALLOWANCE DOCUMENT (FAD)

APPLICATION OF FUNDS: 021202010D09 OMA			FUNDING ALLOWANCE DOCUMENT		05OCT**	12:15:20	PAGE 1
ISSUED TO: 55TH ID (M) AJKG-C FT STEWART,GA 31314-0000			ISSUED BY: HQ USA ACOM AFCO-PB FT MCPHERSON, GA 30330-6000		SUSPENSE NUMBER 2020-09-A2ABN-99763497		ADVICE NUMBER 99760940
FUNDS CENTER/COST CENTER FISCAL STATION A2ABN2ABN00 S34030			EFFECTIVE DATE ISSUE DATE 15 OCT** 05 OCT**		FUNDS CENTER A2ABN		AUTHORITY CHANGE 2020-09-A2ABN-00002
FUNCTIONAL AREA SECTION A			PREVIOUS BALANCE		INCREASE/DECREASE		REVISED NET AMOUNT
DIRECT							
1100000000			171,154,000.00		20,000,000.00		191,154,000.00
1300000000			1,271,000.00		0.00		1,271,000.00
2100000000			4,009,000.00		0.00		4,009,000.00
4100000000			1,459,000.00		0.00		1,459,000.00
4200000000			5,123,000.00		0.00		5,123,000.00
4300000000			113,000.00		0.00		113,000.00
4400000000			4,000.00		0.00		4,000.00
TOTAL DIRECT			183,133,000.00		20,000,000.00		203,133,000.00
REIMB 11700000000			870,000.00				870,000.00
TOTAL REIMB			870,000.00				870,000.00
			-----		-----		-----
TOTAL			184,003,000.00		20,000,000.00		204,003,000.00
SECTION B ALLOTMENT BY QTR			NET CHANGE QTR 1		DIRECT: 69,343,000.00		REIMB: 321,000.00
QUARTER 1			QUARTER 2		QUARTER 3		QUARTER 4
DIRECT 69,343,000.00			0.00		0.00		0.00
REIMB 321,000.00			0.00		0.00		0.00
TOTAL 69,664,000.00			0.00		0.00		0.00
SECTION C LIMITATIONS CEILINGS/FLOORS			PREVIOUS BALANCE		INCREASE/DECREASE		REVISED NET AMOUNT
DIRECT 0012 1100000000			5,000.00		0.00		5,000.00
4400000000			4,000.00		0.00		4,000.00
PA 4300000000			113,000.00		0.00		113,000.00
REIMB TRPK 1170000000			870,000.00		0.00		870,000.00
SECTION D MANAGEMENT INFORMATION			PREVIOUS BALANCE		INCREASE/DECREASE		REVISED NET AMOUNT
DIRECT			0.00		0.00		0.00
REIMB			0.00		0.00		0.00

EXAMPLE OF A FUNDING ALLOWANCE DOCUMENT PG 2 (FAD)

APPLICATION OF FUNDS: 021202010D09 OMA FUNDING ALLOWANCE DOCUMENT 05OCT** 12:15:20 PAGE 2			
ISSUED TO: 55TH ID (M) AJKG-C FT STEWART, GA 31314-0000	ISSUED BY: HQ USA ACOM AFCE-PB FT MCPHERSON GA, 30330-6000	SUSPENSE NUMBER 2020-09-A2ABN-99763497	ADVICE NUMBER 99760940
FUNDS CENTER/COST CENTER FISCAL STATION A2ABN2ABN00 S34030	EFFECTIVE DATE ISSUE DATE 15 OCT** 05 OCT**	FUNDS CENTER A2ABN	AUTHORITY CHANGE 2020-09-A2ABN-00002
REMARKS: FOOTNOTES: <p>(01) AMOUNTS REFLECTED BY BUDGET PROGRAM WILL NOT BE EXCEEDED WITHOUT THE APPROVAL OF THE NEXT HIGHER AUTHORITY; UNLESS AND TO THE EXTENT THAT REPROGRAMMING AUTHORITY HAS BEEN PROVIDED IN THE REMARKS SECTION OF THIS FAD. AUTHORIZED REPROGRAMMING AMONG AMOUNTS BETWEEN THIS BUDGET PROGRAMS/SUB PROGRAMS WILL BE DOCUMENTED CONCURRENTLY THRU PBAS.</p> <p>(02) THIS DOCUMENT IS ISSUED UNDER THE FUND ALLOWANCE SYSTEM. ALLOWANCES, ALTHOUGH IN SPECIFIC DOLLAR VALUES AND AVAILABLE FOR PRESCRIBED PERIODS, ARE NOT SUBDIVISIONS OF APPROPRIATED FUNDS AND THEREFORE ARE NOT LIMITATIONS SUBJECT TO THE ANTI-DEFICIENCY STATUTES. HOWEVER, EXCEEDING THIS ALLOWANCE MAY RESULT IN A REPORT OF INVESTIGATION CONDUCTED IN ACCORDANCE WITH DFAS-IN REG 37-1.</p> <p>(03) AUTHORITY IS GRANTED TO PERFORM WORK ON AN AUTOMATIC REIMBURSEMENT BASIS. FUND AVAILABILITY IS INCREASED FOR AUTOMATIC REIMBURSEMENT, GENERALLY BASED UPON ACCEPTANCE OF CUSTOMER ORDERS (SEE PARA 9-1 AND 9-2, DFAS-IN REG 37-1).</p> <p>(04) THE FUNDED REIMBURSEMENT AUTHORITY (FRA) IN SECTION B IS AVAILABLE IN AN AMOUNT NOT TO EXCEED ORDERS RECEIVED. EXCEPTIONS TO THE BASIC FRA COMPUTATION ARE STATED IN PARA 9-2, DFAS-IN REG 37-1.</p>			
NAME AND TITLE OF APPROVING OFFICER: COL TILDEN R. REID BUDGET OFFICER		APPROVED BY: <div style="text-align: center;"><i>TILDEN R. REID</i></div>	

EXAMPLE OF A RESOURCE DISTRIBUTION DOCUMENT (RDD)

DEPARTMENT OF THE ARMY
23RD ARMORED DIVISION
FORT STEWART, GA 31314

REPLY TO ATTENTION OF: JJSU

1 OCT **

MEMORANDUM FOR DISBURSING OFFICER

SUBJECT: RESOURCE DISTRIBUTION DOCUMENT (RDD)

1. FORWARD HERewith IS THE INITIAL FY ** FAD RECEIVED FROM HSC.
2. DIRECT OBLIGATION AUTHORITY (DOA).

<u>FUNDS CENTER/ COST CENTER</u>	<u>FUNCTIONAL AREA</u>	<u>1st QTR</u>	<u>ANNUAL</u>
A2ABN2ABN01	131096QLOG	100,000	400,000
A2ABN2ABN02	131096QLOG	65,000	240,000
A2ABN2ABN03	131096QLOG	30,000	121,000
A2ABN2ABN04	131096QLOG	10,000	40,000
A2ABN2ABN05	131096QLOG	150,000	595,000
A2ABN2ABN06	131096QLOG	25,000	100,000
A2ABN2ABN07	131096QLOG	15,000	95,000
A2ABN2ABN08	131096QLOG	15,000	60,000
A2ABN2ABN09	131096QLOG	90,000	250,000
A2ABN2ABN10	131096QLOG	<u>28,000</u>	<u>120,000</u>
TOTAL:	13***** MISSION	\$540,500	\$2,021,000

3. AUTOMATIC REIMBURSEMENT PROGRAM (ARP).

<u>FUNDS CENTER / COST CENTER</u>	<u>FUNCTIONAL AREA</u>	<u>1ST QTR</u>	<u>ANNUAL</u>
A2ACC2ACC01	121014VPUB	13,000	50,000
A2ACC2ACC02	121014VPUB	12,000	40,000
A2ACC2ACC03	121014VPUB	5,000	30,000
<u>TOTAL AUTOMATIC REIMBURSEMENT CEILING:</u>		\$30,000	\$120,000

/S/
TYRONE FOLSOM
LTC, MSC
COMPTROLLER

EXAMPLE OF A RESOURCE DISTRIBUTION DOCUMENT

EXAMPLE OF A FUND CONTROL RECORD

FUNDS CENTER/COST CENTER _____	93RD INF DIV	PAGE ____ OF ____
COST ELEMENT/COMMITMENT ITEM _____	FUND CONTROL RECORD	UNIT/ACTIVITY _____

Trans No (A)	Date (B)	GFEBS Reference Number (C)	Funding Target (D)	Commitment Amount (E)	Uncommitted Balance (F)	DOR Date/Block (G)	Obligation Amount (H)	Remarks (I)

EXAMPLE OF A FUND CONTROL RECORD